



Henry A. McKinnell
Chairman of the Board
Chief Executive Officer

May 19, 2003

Representative William Thomas
2208 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

I am writing to express Pfizer's strong support for your legislative proposal for international tax simplification. This legislation would finally bring the United States into compliance with its international obligations under the WTO and implement some important foreign tax simplification provisions that have been awaiting Congressional consideration for several years.

As you well know, the failure of the US to comply with the WTO dispute settlement decision on the FSC-ETI issue has added to the tensions in the US-EU relationship and fostered the perception that the US is not willing to abide by the multilateral trade rules. If we do not act soon, WTO-sanctioned EU retaliation is highly likely. This can only worsen the transatlantic relationship and have a negative effect on the Doha Round negotiations.

Pfizer also welcomes the international tax simplification provisions in your bill. US rules relating to the taxation of foreign source income are among the most complicated and arcane provisions in the tax code. The proposals in your bill, especially those relating to the use of foreign tax credits and elimination of double taxation, are most welcome.

It is my understanding that your bill will also include a 2 ½ year extension of the R&D tax credit which is set to expire in June, 2004. While I believe the credit must be made permanent to have its full incentive effect on new innovation, we do support inclusion of the provision in your bill. In this regard, Pfizer spent in excess of \$5 billion on R&D in 2002. This amounted to more than \$100 million per week.

Finally, we certainly appreciate your leadership in moving the President's economic growth and jobs bill through the House. We supported that legislation and look forward to helping you move your international reform legislation through the Congress this year.

Sincerely,

A handwritten signature in dark ink, appearing to read "H. McKinnell", written over a horizontal line.

H. McKinnell